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PORT OF HAMILTON
ANNUAL REPORT
By THE
HAMILTON HARBOUR COMMISSIONERS

URBAN MUNICIPAL

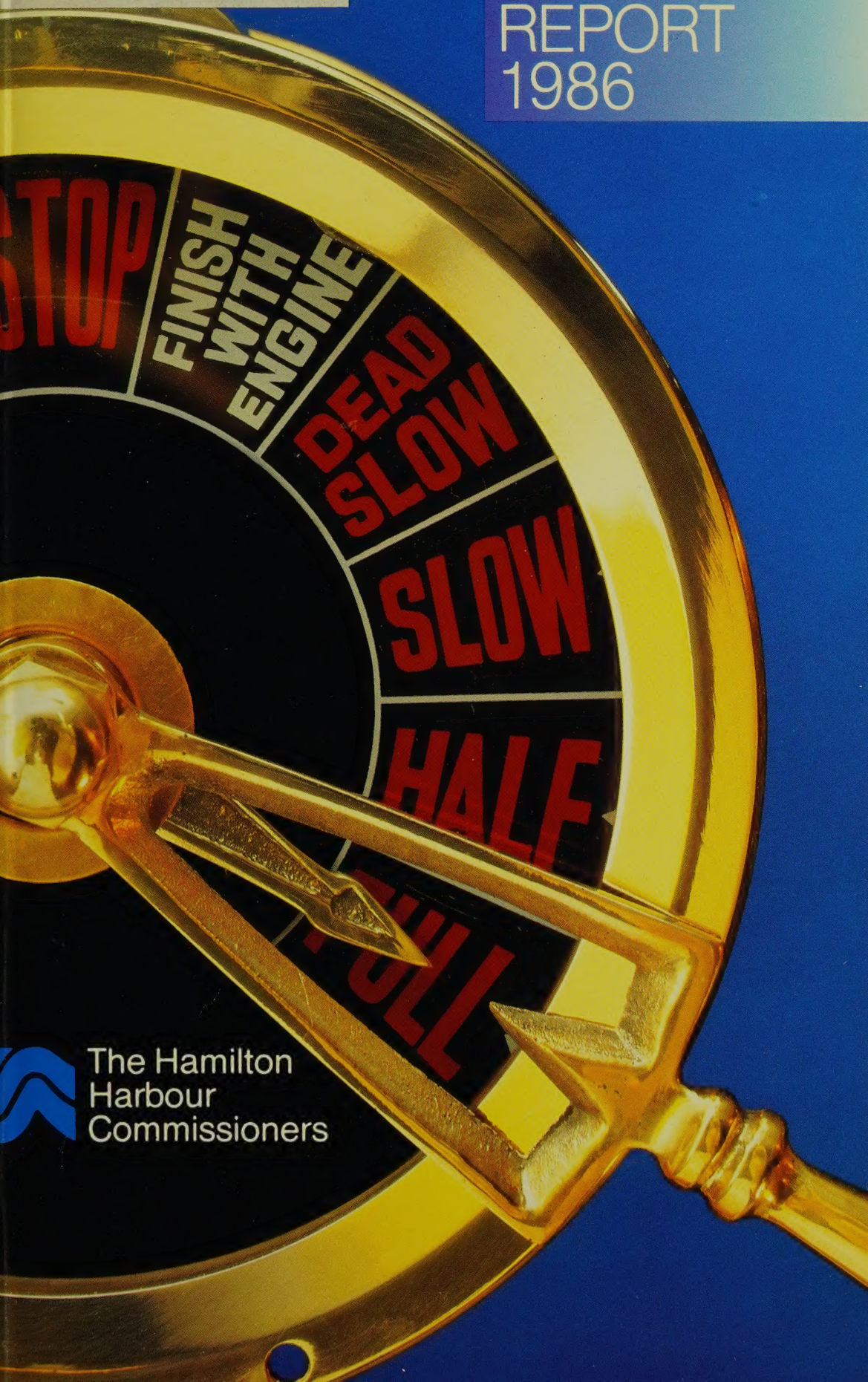
AUG 6 1987

GOVERNMENT DOCUMENTS

THE PORT OF HAMILTON, CANADA

URBAN/MUNICIPAL

ANNUAL REPORT 1986



 The Hamilton
Harbour
Commissioners



CHAIRMAN'S REPORT

We are now operating in a changed business climate, with new transportation regulations and altered cargo patterns. This requires that the Port change also, both in terms of our business planning and our expectations.

Our lead strategy at the Port of Hamilton will continue to be the issue of cost control. We are committed, not only to keeping our port costs down but also to using our resources to assist our fellow ports, shippers and ship-owners in keeping the St. Lawrence Seaway — Great Lakes System cost-competitive. One small but demonstrative step in this regard was the foregoing for 1986, of any rate increase on the tariff for cargo dues and berthage at the Port of Hamilton.

Other areas that we continue to address at the Port include our program for diversification of the Port's tonnage base yet remaining mindful that traditional bulk cargoes and steel products will always form the solid foundation from which we build in new areas.

In 1986, we continued with our East Port development. During the year we added 800 feet of new seaway draft wharf to this already impressive facility. Also during the year the Government of Canada provided \$1.635 million dollars in capital funding for East Port. This contribution completes the Federal Government's program of assistance for this development. Over the past four years a total of \$8.04 million dollars has been provided by the Government of Canada as assistance to our port development program. We are grateful, not only for this financial support which in itself is significant, but also for the measure of confidence placed by the Government of Canada in the Port and in its future potential, as indicated by these contributions.

On the recreational front, it has become a regular feature to report on the success of the Commissioner's Sailing School and Small Craft Marina. I am pleased to be able to repeat this accomplishment again for 1986 with a total of 2,500 students enrolled at the sailing school, 1,500 of whom were involved in young adult and introductory lessons, 1,000 students were enrolled in our community sailing programmes, 450 of whom were disabled. The Commissioners are indeed pleased to be able to offer this unique recreational opportunity to the citizens and their children of the communities surrounding the harbour.

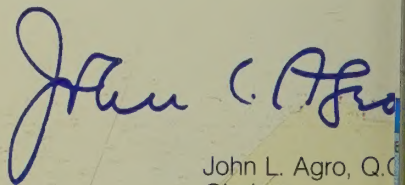
At the end of 1986, Mr. Peter T. Flaherty retired from the Board of Commissioners. Peter served as a Federal appointee on the Board for nine years. Having served with him for the majority of those years, I can personally attest to Peter's loyalty and support to the Port of Hamilton. I take this opportunity to thank him not only for the Commissioners, but also on behalf of the citizens of the Hamilton area who benefited from his contributions over the years.

I would also like to thank Ray Bartolotti for his continued support, loyalty and good humour at times of stress. During the past year we took a more active interest in our community by assisting various agencies making up our region.

I welcome to the Board Mr. Peter G. Lush. Mr. Lush is a resident of our neighbouring City of Burlington and brings to the Board not only the views from one of the major communities served by the Port, but also his years of experience in the fields of real estate and property development.

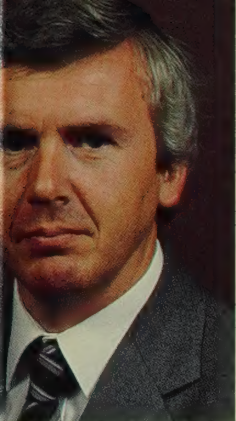
In closing, I and my fellow Commissioners, Mr. Lush and Mr. Bartolotti, would like to thank the Port's management, office staff and labour forces for their continuing efforts, loyalty and support, without which our ship would not be sailing so smoothly.

Finally, my sincere thanks to the citizens of the Region for their continued interest.



John L. Agro, Q.C.
Chairman





PORT DIRECTOR'S REPORT

It is gratifying to be able to report, for 1986, an increase in tonnage through the Port of Hamilton. Total cargo handled at the Port was 10.78 million tonnes. Although this represents a somewhat modest increase over the 10.34 million tonnes handled in 1985, it is significant in that it indicates growth once again in the Great Lakes marine economy. Correspondingly the overseas tonnage passing through the Port stood at 838,921 tonnes, representing a substantial increase from the 568,488 tonnes handled last year.

The 1986 shipping season officially opened in the Port on April 5th with the arrival of the M.V. "Canadian Pioneer" bringing iron ore for Dofasco. This vessel was closely followed by the first overseas ship, the M.V. "Ivi" which discharged a cargo of urea for Agrico Canada Ltd. at Seaway Terminals on Pier 14. A total of 626 vessels called at the port of Hamilton during the year.

Noteable highlights for the port during 1986 were many and varied. A new seaway draft wharf some 800 feet in length was constructed on Pier 25 at East Port. Dofasco Inc. and Stelco Inc. continued with their extensive expansion programs on their harbourfront properties. The Port's overseas terminals handled many of the large pieces of machinery that were destined for these two companies. At Pier 10 Amstel Breweries also continued with their expansion plans. In 1986, following in the European tradition of a home town brewery, Amstel introduced "Steeler" beer as a brand available only in Hamilton and it quickly gained a large local following. The Port also welcomed a new tenant at Pier 24, East Port Warehousing and Distribution, who operate one of the largest terminal warehouses in the harbour. These 1986 activities are indicative of the diversity of the Port's waterfront industries.

The harbour saw the same enthusiastic use from recreational boaters in 1986 as in previous years. The Commissioners' Marina, Launching Ramp and Sailing School operated at full capacity during the boating season. E. K. Boat Tours commenced operations in 1986 offering Harbour tours and Lake Ontario excursions aboard the 160 passenger M.V. "Macassa Bay".

The Ports workforce played their usual and expected role in assisting in the smooth operation of the Port during the 1986 shipping season. It is to be noted that the port's longshoremen, dockyard employees and maintenance workers are often required to work long and varied hours at peak periods during the year. We recognize the contribution of these employees to the Ports' overall well being.

The Port of Hamilton, in 1986, continued its membership and support of several key organizations that represent the interest of the national and international Port community. These include the Canadian Port and Harbour Association, The American Association of Port Authorities and the International Association of Great Lakes Ports.

In summary, in 1986, the Port experienced growth in both tonnage and revenue. This growth is due primarily to the ongoing support of the many shippers, industries and commerce utilizing the Port of Hamilton.

We look forward to offering continued service to these valued customers next year and into the future.

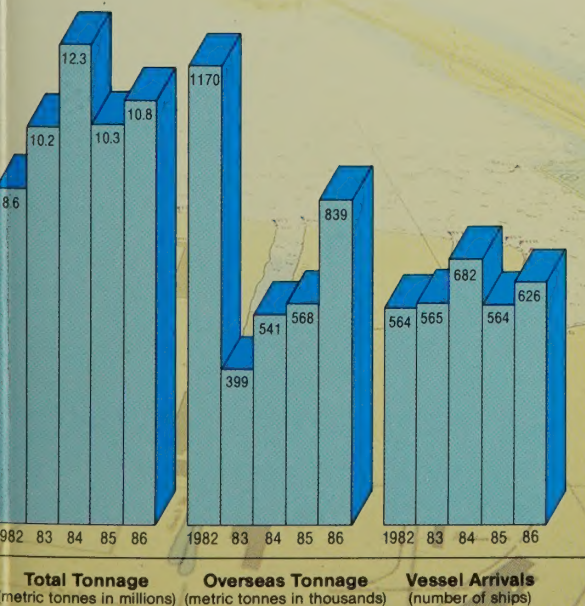
URBAN MUNICIPAL

AUG 5 1987

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R.R. Hennessy

R.R. Hennessy, P.Eng.
Port Director



Financial Statements

BALANCE SHEET AS AT DECEMBER 31, 1986 (with comparative figures for 1985)

ASSETS

CURRENT

	1986	1985
Cash	\$ 293,306	\$ —
Accounts receivable	2,277,725	2,425,734
Accrued interest receivable	730,703	747,430
Inventory	75,926	78,619
Prepaid expenses	69,998	60,372
	<u>3,447,658</u>	<u>3,312,155</u>

INVESTMENTS APPROPRIATED FOR

FUTURE HARBOUR IMPROVEMENTS (note 2)	12,200,000	11,750,000
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FIXED

Land, docks and harbour improvements	33,723,967	24,963,535
Buildings	6,092,153	5,865,422
Equipment and vessels	4,312,921	4,220,599
	<u>44,129,041</u>	<u>35,049,556</u>
Less accumulated depreciation	17,667,950	16,674,974

	26,461,091	18,374,582
CAPITAL DEVELOPMENT IN PROGRESS	2,532,000	8,618,146

	<u>28,993,091</u>	<u>26,992,728</u>
	<u>\$44,640,749</u>	<u>\$42,054,883</u>

LIABILITIES

CURRENT

	1986	1985
Bank indebtedness	\$ —	\$ 14,319
Accounts payable and accrued liabilities	1,482,094	2,193,473
Current portion of long-term debt	132,740	208,687
	<u>1,614,834</u>	<u>2,416,479</u>

LONG-TERM (note 4)

Debentures payable — Government of Canada, 4-1/8%, to be redeemed before the year 2005	675,000	725,000
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Loan payable — Government of Canada, due December 31, 1987, semi-annual instalments of blended principal and interest at 5-9/16%	40,597	118,564
at 6-1/16%	42,143	122,864
	<u>757,740</u>	<u>966,428</u>

Less current portion shown above	132,740	208,687
	<u>625,000</u>	<u>757,741</u>

TOTAL LIABILITIES	<u>2,239,834</u>	<u>3,174,220</u>
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CAPITAL

GENERAL CAPITAL	30,200,915	27,130,663
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ALLOCATION FOR FUTURE

HARBOUR IMPROVEMENTS (note 2)	12,200,000	11,750,000
	<u>42,400,915</u>	<u>38,880,663</u>
	<u>\$44,640,749</u>	<u>\$42,054,883</u>

STATEMENT OF GENERAL CAPITAL

FOR THE YEAR ENDED DECEMBER 31, 1986

(with comparative figures for 1985)

	1986	1985
GENERAL CAPITAL — BEGINNING OF YEAR.....	\$27,130,663	\$26,157,868
Add — grants from federal government (note 3)	1,635,233	1,523,423
— excess of revenue over expenses for the year	1,885,019	999,372
	<u>30,650,915</u>	<u>28,680,663</u>
Appropriation for future harbour improvements	450,000	1,550,000
GENERAL CAPITAL — END OF YEAR.....	<u>\$30,200,915</u>	<u>\$27,130,663</u>

STATEMENT OF REVENUE AND EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 1986

(with comparative figures for 1985)

	1986	1985
REVENUE		
Operating revenue.....	\$ 6,193,204	\$ 5,609,176
Sundry income.....	1,219,077	1,316,194
	<u>7,412,281</u>	<u>6,925,370</u>
EXPENSES		
Operating expenses	2,641,154	3,288,888
Depreciation of docks, buildings and equipment	1,189,324	945,806
TOTAL OPERATING EXPENSES	<u>3,830,478</u>	<u>4,234,694</u>
GROSS OPERATING MARGIN	<u>3,581,803</u>	<u>2,690,676</u>
ADMINISTRATIVE, OFFICE AND GENERAL EXPENSES.....	1,655,624	1,639,239
INTEREST ON LONG-TERM DEBT	41,160	52,065
EXCESS OF REVENUE OVER EXPENSES FOR THE YEAR.....	<u>\$ 1,885,019</u>	<u>\$ 999,372</u>

AUDITORS' REPORT

to the Hamilton
Harbour Commissioners

We have examined the balance sheet of The Hamilton Harbour Commissioners as at December 31, 1986 and the statements of revenue and expenses, general capital and changes in cash resources for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances. Our audit complies with the provisions of The Hamilton Harbour Commissioners Act.

In our opinion, these financial statements present fairly the financial position of The Hamilton Harbour Commissioners as at December 31, 1986 and the results of its operations and the changes in its cash resources for the year then ended in accordance with the accounting principles described in note 1 to the financial statements applied on a basis consistent with that of the preceding year.

Hamilton, Ontario,
March 23, 1987.

Spicer MacGillivray

CHARTERED ACCOUNTANTS.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 1986

1. SIGNIFICANT ACCOUNTING POLICIES

(a) Revenue and expenses are accounted for on the accrual basis.

(b) Fixed Assets and Depreciation —

Fixed assets are recorded at acquisition cost.

Depreciation is provided on a straight-line basis at the following rates:

Docks and improvements	— 2%, 5%, 10%, 20%
Buildings	— 2-1/2%, 5%, 10%, 20%
Vessels and equipment	— 10%, 15%, 20%

(c) Inventory —

Inventory is recorded at actual cost on a first-in, first-out basis.

(d) Grant Recognition —

Capital grants are recorded, when receivable, as an increase in General Capital.

2. APPROPRIATION FOR FUTURE HARBOUR IMPROVEMENTS

During the year, the Commissioners appropriated a further \$450,000 of general capital for future harbour improvements, resulting in a total reserve of \$12,200,000 for this purpose. These funds are intended for future capital expenditures including the development of piers 25, 26 and 27 — Eastport Development.

This fund consists of bank deposit receipts in the amount of \$12,200,000.

In 1986, the Commissioners approved a five-year capital budget of \$23,490,000.

3. EASTPORT DEVELOPMENT

In 1983 the Commissioners received a commitment from the Federal Government to assist in financing the Eastport Development. An amount of \$1,635,233 was received or receivable in 1986. There are no further anticipated grants from this source in future years.

4. LONG-TERM DEBT

The aggregate amount of repayments on the long-term debt due within the next five years is as follows:

1987 — \$132,740	1989 — \$ 50,000	1991 — \$ 50,000
1988 — 50,000	1990 — 50,000	

5. BASIS OF PRESENTATION

In order to comply with new recommendations issued by the Canadian Institute of Chartered Accountants, the Commissioners have presented a statement of changes in cash resources. For comparative purposes, the former statement of changes in financial position (which focused on working capital) has been amended to conform with the basis of presentation adopted for the current year.

STATEMENT OF CHANGES IN CASH RESOURCES

FOR THE YEAR ENDED DECEMBER 31, 1986

(with comparative figures for 1985)

	1986	1985
CASH FROM OPERATIONS		
Excess of revenue over expenses	\$ 1,885,019	\$ 999,372
Add (deduct) non-cash items —		
Depreciation	1,189,324	945,806
Net (gain) loss on fixed asset disposals	(16,076)	(5,471)
Working capital derived from operations	3,058,267	1,939,707
Decrease (increase) in working capital —		
Accounts receivable	148,009	(244,372)
Accrued interest receivable	16,727	(27,834)
Inventory	2,693	(320)
Prepaid expense	(9,626)	(16,601)
Accounts payable	(711,379)	470,060
	<u>\$ 2,504,691</u>	<u>\$ 2,120,640</u>
CASH DERIVED FROM (APPLIED TO)		
INVESTING ACTIVITIES		
Fixed asset acquisitions	(\$ 3,215,189)	(\$ 2,067,687)
Proceeds on disposal of fixed assets	41,578	11,939
	<u>(\$ 3,173,611)</u>	<u>(\$ 2,055,748)</u>
CASH DERIVED FROM (APPLIED TO)		
FINANCING ACTIVITIES		
Repayments of long-term debt	(\$ 208,688)	(\$ 199,845)
Government grants	1,635,233	1,523,423
Increase in investments appropriated for future harbour improvements	(450,000)	(1,550,000)
	<u>\$ 976,545</u>	<u>(\$ 226,422)</u>
NEW INCREASE (DECREASE) IN CASH RESOURCES FOR THE YEAR	\$ 307,625	(\$ 161,530)
(DEFICIENCY) CASH RESOURCES — BEGINNING OF YEAR	(14,319)	147,211
CASH RESOURCES (DEFICIENCY) — END OF YEAR	\$ 293,306	(\$ 14,319)

THE PORT OF HAMILTON, CANADA

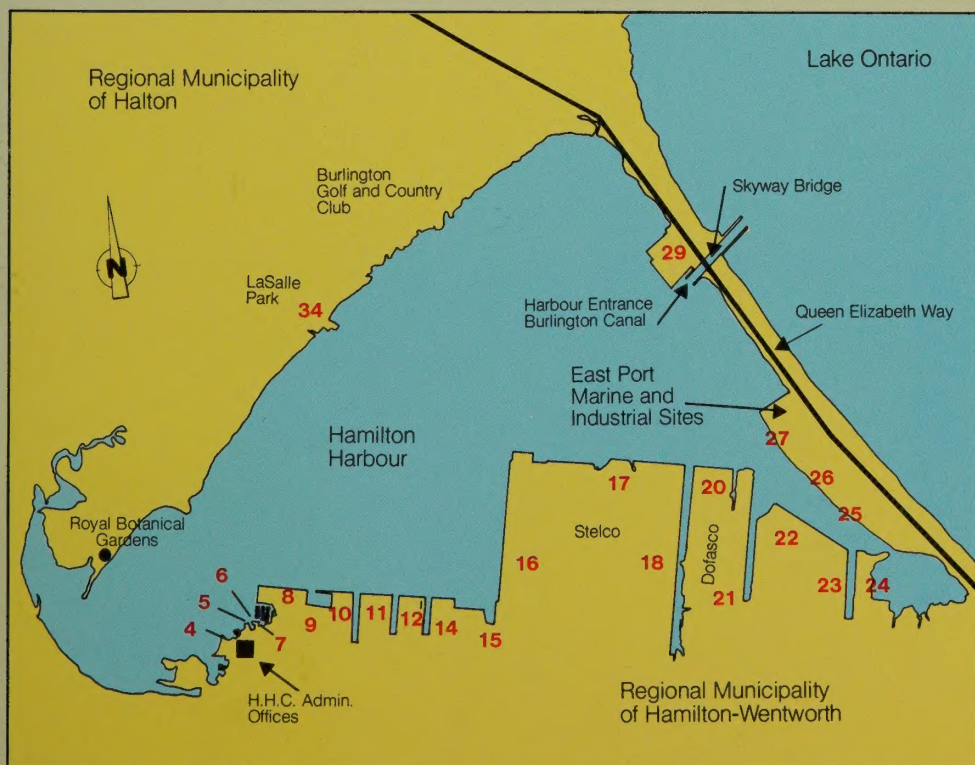
PORT FACILITIES

H.H.C. PROPERTY

LOCATION	AREA (Hectares)	PRIMARY USE
Pier 4	.40	Leander Boat Club — Sculling
Pier 5	2.83	Hamilton Yacht Club — Sailing
Piers 6 and 7	2.42	H.H.C. Marine Dockyard Service — 230 slips, Sailing School
Pier 8 (Centennial Terminal)	12.14	General Cargo, Trucking Terminal
Pier 10 (Wellington Terminal)	10.93	General Cargo, Industrial
Pier 11	21.05	Liquid Bulk, Industrial
Pier 12	17.40	Dry Bulk, Ro-Ro Terminal
Pier 14	6.88	Dry Bulk, Industrial
Pier 23	5.66	Dry Bulk, Industrial
Pier 24	8.50	General Cargo, Industrial
Pier 25 (East Port)	16.19	Marine/Industrial Park
Pier 26 (East Port)	21.86	Under Development
Pier 27 (East Port)	12.14	Future Development (Stage 3)
Pier 34 (LaSalle Park)	7.28	Burlington Boating and Sailing Club

PRIVATE FACILITIES

PIER NUMBER	REMARKS	WHARF LENGTH (m)	PRIMARY USE
Pier 9	HMCS Star	280	Navy Wharf
Pier 15	J I Case	320	Industrial
Piers 16, 17, 18	Stelco Inc.	2800	Dry Bulk, Coal, Ore
Piers 20, 21	Dofasco Inc.	1200	Dry Bulk, Coal, Ore
Piers 29, 30	Canada Center for Inland Waters	660	Research Vessels





View of Commissioners overseas shipping terminal (Pier 8) Marine. Dockyard in foreground.



General overseas cargo handled through the port substantially increased during the 1986 shipping season.



Marine wharf construction continued on Pier 26 at East Port.



Another record season with over 2500 participants learning the joys of sailing at The Harbour Commissioners Sailing School (located at Pier 8 Park).





CANADA'S HEARTLAND HARBOUR

Position:

43° 14' North, 79° 51' West, at the west end of Lake Ontario. Four mile (6.4 km) long and up to three and one half miles (5.6 km) wide.

Servicing:

CN and CP rail systems
Hamilton Civic Airport
Lester B. Pearson International Airport
Major and Independent Motor Truck Carriers

Berthing and Storage:

Sheltered Anchorage — 11,570 metres of docking facilities, with draft to all seaway requirements.

Storage Facilities:

Completely Serviced Berthing — Big enough for maximum seaway sized vessels with full tug, workboat and chandler support.

72,900 square metres of warehousing, 88 hectares of shipping and transit storage land provided by the commissioners.

Cargo-handling — Heavy lift capability. Roll-on & roll-off facilities. Handling for both "20 ft." and "40 ft." containers. Stevedoring services through principal contractors.



Commissioners

John L. Agro, Q.C.
Chairman

Peter G. Lush
Raymond Bartolotti

Port Director

R. R. Hennessy, P.Eng.



**The Hamilton
Harbour
Commissioners**

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